

## Press Release

11 December 2014

**THE GO-AHEAD GROUP PLC  
("GO-AHEAD" OR "THE GROUP")**

**PRE-CLOSE TRADING UPDATE**

**Overall trading robust; full year expectations unchanged**

Go-Ahead today announces its pre-close trading update for the six months ending 27 December 2014, ahead of its half year results which will be released on 19 February 2015.

**David Brown, Group Chief Executive of Go-Ahead, said:**

"Overall trading in the year to date has been robust, with a solid performance in our bus and rail operations. Our full year expectations for both divisions remain unchanged.

"We remain committed to improving the passenger experience and making it as easy as possible for people to use our services. Go-Ahead has the largest smartcard scheme outside of London and, in January 2015, will be introducing a multi-operator smartcard in the north east. In October, we announced a joint initiative with the UK's other major bus operators to deliver multi-operator smart ticketing to millions of bus customers across England.

"In the last five years, we have grown our regional bus network, enabling 15% more journeys to be taken on our services. Over the same period, we have invested more than £170m in our regional bus services and achieved some of the highest levels of customer satisfaction in the industry, including our best ever score of 92% in the latest independent survey.

"Working collaboratively with industry partners and local authorities we always seek to deliver the best value for passengers, taxpayers and shareholders."

**Bus:**

*Regional:*

Overall revenue growth in our regional bus business has been good, largely driven by increased contract revenue, where associated journeys are not recorded. Commercial and concessionary passenger numbers remain broadly flat year on year, with continuing weakness in the north east economy and the impact of significant roadworks in Oxford.

In Tyne & Wear, proposals for a bus contract scheme are being considered by the Quality Contract Scheme (QCS) Board. This remains an ongoing process and we continue to believe that a voluntary partnership agreement is a better outcome for passengers and taxpayers. The QCS Board intends to publish its conclusion in late May 2015.

**Expected half year trends:**

Revenue	Passenger journeys
c.4%	c.0%

**London:**

Revenue growth in our London bus business of around 3% continues to be impacted by the reallocation of bus service operators grant (BSOG) of 2.5%. Full year mileage growth is expected to be broadly flat as mileage is expected to increase in the second half of the year with the introduction of known contract wins.

**Expected half year trends:**

Revenue	Mileage
c.3%	c.-2.5%

**Rail:**

Our rail division operates the Southern (including Gatwick Express), Southeastern, London Midland and GTR (Govia Thameslink Railway) franchises through our 65% owned subsidiary Govia.

**Expected half year trends:**

	Passenger revenue	Passenger journeys
Southern	c.6.5%	c.3.5%
Southeastern	c.10%	c.7%
London Midland	c.4.5%	c.2%

Trading in the Southern franchise remains in line with our expectations. Southern will continue to operate on existing terms until being incorporated into GTR in July 2015. It is expected to require revenue support at the 80% level for the remainder of the current franchise.

Since beginning a new direct award contract in October 2014, Southeastern has been operating under new contract terms and the franchise has delivered a strong trading performance in the year to date.

London Midland's revenue performance has improved due to reduced network disruption in our second quarter. The franchise will continue on its original contract terms for the remainder of the year, and will begin a seven-month extension on the same terms in September 2015. We continue to work with the DfT regarding a potential direct award contract from March 2016 to June 2017.

GTR continues to track broadly in line with the bid's financial assumptions. We are working with industry partners to deliver the benefits associated with the Thameslink Programme and ensure the impact on passengers is minimised, and have clear plans in place to manage the inherited operational challenges facing this new franchise. Trading performance for GTR will be reported in February 2015, in our half year results.

**Outlook:**

Overall, trading across the Group has been robust and our expectations for the full year are unchanged.

The Group remains in a good financial position with strong cash generation and a robust balance sheet, supporting our progressive dividend policy and allowing flexibility to pursue value-adding opportunities both within and outside our traditional markets. We continue to focus on our key strengths of providing high quality, locally-focused transport services.

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**For further information, please contact:**

**The Go-Ahead Group**

David Brown, Group Chief Executive  
Keith Down, Group Finance Director  
Holly Gillis, Head of Investor Relations

020 7799 8971  
020 7799 8973  
07837 612 661

**Citigate Dewe Rogerson**

Michael Berkeley  
Chris Barrie  
Angharad Couch  
Eleni Menikou

020 7638 9571

**GO-AHEAD**

Go-Ahead is a leading UK public transport operator, providing high quality services in the bus and rail sectors. Employing around 26,000 people across the country, over one billion passenger journeys are undertaken on our services each year. We are committed to operating our companies in a safe, socially and environmentally responsible way and are proud to have been accredited with triple Carbon Trust Standard for reductions in carbon, water and waste. In addition to the travelling public, our customers include the Department for Transport, Transport for London (TfL) and local authorities.

**BUS**

Go-Ahead is one of the UK's largest bus operators. With a fleet of around 4,600 buses, we carry nearly two million passengers every day. Our operations are focused on high density commuter markets. We have a strong presence in London, with around 24 per cent market share, where we provide regulated services for TfL. We operate deregulated services in Oxford, East Anglia, the South East, Southern and North East England.

**RAIL**

The rail operation, Govia, is 65 per cent owned by Go-Ahead and 35 per cent by Keolis. It is the largest rail operation in the UK, responsible for over 30 per cent of all UK passenger rail journeys through its rail franchises: GTR (Govia Thameslink Railway), Southern (which includes the Gatwick Express), Southeastern and London Midland.

**Disclaimer**

*Certain statements included in this press release contain forward-looking information concerning the Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the sectors or markets in which the Group operates. By their nature, forward-looking statements involve uncertainty because they depend of future circumstances, and relate to events, not all of which are within the Company's control or can be produced by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Nothing in this press release should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in The Go-Ahead Group plc or any other entity, and must not be relied upon in any way in connection with any investment decision. Except as required by law, the Company undertakes no obligation to update any forward-looking statement.*